

Kentucky Agricultural Finance Corporation

Minutes of the March 21, 2008 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, March 21, 2008 at 10:00 AM EDT at the Office of the Commissioner of Agriculture, 32 Fountain Place in Frankfort, Kentucky. Mark Farrow, presiding, called the meeting to order. Mark Farrow then asked the Board Secretary to call the roll.

Notification of Press

Mr. Farrow received verification that the media had been notified regarding the Kentucky Agricultural Finance Corporation (KAFC) monthly meeting.

Roll Call

Members Present

Mark Farrow, Secretary Jonathan Miller (proxy Tom Midkiff), Bob Gaslin, Wayne Hunt, Larry Jaggars, Doug Lawson, Charles Miller, Frank Penn, Bob Proffitt, Annette Crawford-Walters

Members Absent

Billy Joe Miles, James Reams

Others Present

Staff –Roger Thomas, Angela Blank, Cyndi Hall, Tim Hughes, Dr. Jennifer Marsh, Bill McCloskey, Tracey Mulder, Joel Neaveill

Guests –Mac Stone

Review and Approval of Minutes

Wayne Hunt moved to approve the February 1, 2008 minutes. Charles Miller seconded the motion. The motion passed without dissent.

Executive Director's Report

Mr. Farrow called on Joel Neaveill to give the Executive Director's report. Mr. Neaveill reported on the new program, Kentucky Agricultural Relief Effort (K.A.R.E.). Mr. Neaveill outlined the program and noted that it has been well received.

Director of Financial Services Report

Mr. Farrow called on Bill McCloskey to give a report on the financial position of KAFC. Reports were provided at the meeting (on file with Board Secretary). Mr. McCloskey reviewed the status of KAFC funds and loan activity.

Mr. McCloskey introduced Angela Blank, Director of Communications. Ms. Blank will be sending out Meeting Press Releases concerning KAFC in an effort to increase marketing and promotion of the program.

Mr. McCloskey made note of an article on a recipient of an Agricultural Infrastructure Loan in the Winter 2008 edition of Commonwealth Grows (on file with the Board Secretary).

At the March 14, 2008 Kentucky Agricultural Development Board (KADB) meeting Mr. McCloskey presented a Memorandum that outlined the amendment for the Beginning Farmer Loan Program and the standardizing of the reporting requirements for all KAFC programs. The KADB approved the amendment.

Mr. McCloskey brought to the board a suggestion from a banker asking to increase the maximum term of Infrastructure Loans from 10 years to 15. **Annette Crawford-Walters moved to increase the terms. Mr. Miller seconded the motion. Doug Lawson amended the motion to include the loans being approved today. Mr. Miller seconded the amendment. The amendment passed without dissent. The motion as amended passed without dissent.**

Mr. McCloskey recommended that the maximum household non-farm income for the Beginning Farmer Loan be increased from \$75,000 to \$100,000. **Mr. Lawson moved to accept staff recommendation. Frank Penn seconded the motion. The motion passed without dissent.**

New Business

Agricultural Infrastructure Loan Program - Discussion and Action

AF08-0007 Bell, Benjamin Dwain and Deborah – Applicants request \$58,000 for the construction of a tobacco barn, migrant housing, a tool shed, and irrigation well in Calloway County. First National Bank, Inc. (FNB) is the participating lender. Staff recommends loan approval. **Ms. Crawford-Walters moved to approve the staff recommendation. Mr. Miller seconded the motion. The motion passed without dissent.**

AF08-0009 Brangers, Joseph S. and Judy A. – Applicants request \$22,500 for the construction of a pole barn and a Quonset structure to support a cattle and hay operation in Hardin County. South Central Bank of Hardin County is the participating lender. Staff recommends loan approval. **Larry Jagers moved to approve the staff recommendation. Bob Gaslin seconded the motion. The motion passed without dissent.**

AF08-0010 Dowdy, Johnny D. and Judy F. – Applicants request \$20,000 for the construction of a tobacco barn for dark fired tobacco production in Graves County. Regions Bank is the participating lender. Staff recommends loan

approval. **Mr. Lawson moved to approve the staff recommendation. Ms. Crawford-Walters seconded the motion. The motion passed without dissent.**

AF08-0011 Galloway, Bobby and Donna – Applicants request \$29,180 for the construction of a tobacco barn and a greenhouse to support dark fired tobacco production in Graves County. FNB is the participating lender. Staff recommends loan approval. **Mr. Hunt moved to approve the staff recommendation. Ms. Crawford-Walters seconded the motion. The motion passed without dissent.**

AF08-0012 Chapman, Eddie and LaJeanna – Applicants request \$19,000 for the construction of a tobacco barn in Calloway County. Heritage Bank is the participating lender. Staff recommends loan approval. **Mr. Miller moved to approve the staff recommendation. Mr. Penn seconded the motion. The motion passed without dissent.**

AF08-0013 Holloway, Jerald R. and Carol – Applicants request \$21,150 for the construction of a tobacco barn in Graves County. Regions Bank is the participating lender. Staff recommends loan approval. **Mr. Jagers moved to approve the staff recommendation. Mr. Hunt seconded the motion. The motion passed without dissent.**

AF08-0014 Mathis, Bradley K. and Laura Beth – Applicants request \$100,000 for the construction of three (3) tobacco barns, migrant housing, and a new shop building in Graves County. Heritage Bank is the participating lender. Staff recommends loan approval. **Mr. Penn moved to approve the staff recommendation. Mr. Miller seconded the motion. The motion passed without dissent.**

AF08-0016 Keith Kimbell Farms, Inc. – Applicant requests \$250,000 for the construction of two 2,400-head Tush Farms gilt facilities and a shop/office/shower house to begin a swine operation on a farm in Hickman County. First Community Bank of Western Kentucky is the participating lender. Staff recommends loan approval. **Mr. Miller moved to approve the staff recommendation. Mr. Jagers seconded the motion. The motion passed without dissent.**

AF08-0017 Void (see amendment in board packet)

AF00-0018 Morgan, John D. and Julie – Applicants request \$24,750 for the construction of a tobacco barn as part of a fired and air cured tobacco operation in Calloway County. FNB is the participating lender. Staff recommends loan approval. **Mr. Proffitt moved to approve the staff recommendation. Mr. Hunt seconded the motion. The motion passed without dissent.**

AF08-0019 Donaldson, Jared and Shara – Applicants request \$52,500 for the construction of three (3) tobacco barns in Graves County. First Kentucky Bank is

the participating lender. Staff recommends loan approval. **Ms. Crawford-Walters moved to approve the staff recommendation. Mr. Gaslin seconded the motion. The motion passed without dissent.**

AF08-0020 Stephen Tobacco Company – Applicant requests \$41,048 for the construction of a tobacco stripping barn in Daviess County. Independence Bank is the participating lender. Staff recommends loan approval. **Mr. Hunt moved to approve the staff recommendation. Mr. Jagers seconded the motion. The motion passed without dissent.**

AF08-0022 Elkins, Thomas and Trudy – Applicants request \$24,550 for the construction of a tobacco barn in Calloway County. FNB is the participating lender. Staff recommends loan approval. **Approved by Staff based upon loan size and credit score per Agriculture Infrastructure Loan Program policy modifications adopted June 24, 2005.**

AF08-0023 Wright, Dennis J. and LeeAnn – Applicants request \$22,135 for construction of a 124' x 44' hay barn in Logan County. Franklin Bank & Trust is the participating lender. Staff recommends loan approval. **Approved by Staff based upon loan size and credit score per Agriculture Infrastructure Loan Program policy modifications adopted June 24, 2005.**

Beginning Farmer Loan Program – Discussion and Action

AF08-0008 Sarten, Stephen O. – Pending

AF08-0015 Massengale, Timothy and Jennifer – Applicants requests \$250,000 for the construction of two-layer houses for Cobb-Vantress in Wayne County. Farm Credit Services of Mid-America (FCS) is the participating lender. Staff recommends loan approval conditional on identifying a mentor that does not have financial interest in applicant's farming operation or is a member of the applicant's family. **Mr. Penn moved to approve the staff recommendation. Mr. Miller seconded the motion. The motion passed without dissent.**

AF08-0021 Everett, Chad and Stephanie – Applicants request \$103,185 for the purchase of equipment to begin a swine waste pumping operation in Fulton County. Clinton Bank is the participating lender. Staff recommends loan approval. **Tom Midkiff moved to deny the loan based upon numerous financial risk factors. Ms. Crawford-Walters seconded the motion. The motion passed without dissent.**

Old Business

Amendments to Previous Applications

AF07-0111 Garner, Gerald R. and Sheila J. Applicants were approved for \$100,000 on February 1, 2008. The applicants request an additional \$150,000 of

KAFC financing. Staff recommends approving the request as permitted by today's KAFC change. Approval of this request would bring the loan total to \$250,000. **Mr. Lawson moved to approve the staff recommendation. Mr. Miller seconded the motion. The motion passed without dissent.**

AF08-0006 Brockman, Brent. The applicant was approved for \$100,000 on February 1, 2008. The applicant requests an additional \$67,568. First National Bank of Columbia is the participating lender. Staff recommends loan approval. **Mr. Miller moved to approve the staff recommendation. Mr. Gaslin seconded the motion. The motion passed without dissent.**

Agricultural Infrastructure Loan Program - Discussion and Action

AF06-0091 Baird, Jerry C. and Gail – Staff recommends loan extension of 90 days per request of originating lender. **Ms. Crawford-Walters moved to approve the staff recommendation. Mr. Penn seconded the motion. The motion passed without dissent.**

AF07-0082 Workman Hog Farm – Staff recommends loan extension of six (6) months per request of originating lender. **Ms. Crawford-Walters moved to approve the staff recommendation. Mr. Midkiff seconded the motion. The motion passed without dissent.**

Other Business

Agricultural Infrastructure Loan Program - Discussion

AF06-0087 Cornett, Charles K. and Charles M. – Application withdrawn

AF07-0077 Nulawn Farm (Newell, Jr., William N.) – Application withdrawn

AF07-0097 McCain, Jr., Michael W. – Application withdrawn

Closing Remarks

Mr. Farrow gave Roger Thomas the opportunity to make closing remarks. Mr. Thomas thanked KDA for hosting the meeting and congratulated Mac Stone for his promotion. Mr. Thomas made note that staff is preparing an official request of \$5 million to the Kentucky Agricultural Development Board.

Mr. Thomas gave a report on the meetings he has attended since the last Board Meeting.

Mr. Thomas reported that staff is developing a proposal for the implementation of a low interest loan program to assist large animal veterinarians. The Kentucky Veterinarian's Association, Kentucky Farm Bureau, and other organizations will

be involved with the proposal. Mr. Thomas suggested that there might be a recommendation at the next Board Meeting.

In closing Mr. Thomas commended Bill McCloskey, Tracey Mulder, and Tim Hughes for their hard work.

The next meeting of the KAFC Board will be May 9, 2008 (please note that this is the second Friday of May) at the Transportation Cabinet Offices Building in Frankfort, KY. If a June meeting is necessary it will be on June 6, 2008. The joint meeting of KADB and KAFC Boards will be July 17 and 18, 2008 at Kentucky Dam Village.

The meeting adjourned at 12:00 PM EDT.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____